

Message Text

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 7250 IMMEDIATE

C O N F I D E N T I A L ROME 6951

E.O. 11652: GDS

TAGS: EAIR, PFOR, IT

SUBJECT: CIVAIR - US-ITALY CIVAIR RELATIONS/CONSULTATIONS

REF: (A) STATE 95324, (B) STATE 84537, (C) ROME 6366,

(D) ROME 6291

SUMMARY. US AND ITALY APPEAR TO BE ON COLLISION COURSE OVER SEABOARD'S ALL-CARGO SERVICES TO/FROM ITALY. CONFRONTATION, WHICH COULD JEOPARDIZE CHANCES OF RESOLVING OUTSTANDING BILATERAL CIVAIR ISSUES THROUGH CONSULTATIONS, WILL OCCUR WHEN SEABOARD INTRODUCES SECOND 747-F ON NORTH ATLANTIC SERVICES ON MAY 3. EMBASSY BELIEVES THIS IS NEITHER THE APPROPRIATE TIME (GIVEN THE ENTIRE COMPLEX OF US-ITALIAN RELATIONS AND THE CURRENT ITALIAN POLITICAL SITUATION) NOR THE APPROPRIATE ISSUE (GIVEN AMBIGUITIES IN RELEVANT BILATERAL AGREEMENTS) ON WHICH TO PROVOKE CIVAIR CONFRONTATION WITH GOI. EMBASSY RECOMMENDS THAT SEABOARD POSTPONE INTRODUCTION OF SECOND 747-F SO AS TO PERMIT ATTEMPT TO RESOLVE ISSUE IN CONSULTATIONS (HOPEFULLY DURING WEEK OF MAY 24). END SUMMARY.

1. SEABOARD INTENDS TO INTRODUCE SECOND 747-F ON NORTH ATLANTIC SERVICES ON MAY 3, REPLACING PRESENT DC-8/63F SERVICE. CIVILAVIA HAS ORDERED SEABOARD NOT RPT NOT TO OPERATE A CHANGE-OF-GAUGE IN FRANKFURT AS A CONDITION CONFIDENTIAL

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FOR APPROVAL OF SEABOARD'S 1976 SUMMER SCHEDULE. MFA HAS THUS FAR PREVENTED CIVILAVIA ACTION AGAINST SEABOARD BY ARGUING THAT CHANGE-OF-AIRCRAFT IN FRANKFURT IS NOT A CHANGE-OF-GUAGE, BUT THIS RATIONALE (WEAK IN ANY CASE

SINCE IN FACT MOST SEABOARD CARGO TO/FROM ITALY MOVES ON NEW YORK-FRANKFURT STRETCH ON 747-F SW-300301 RATHER THAN DC-8/63F SW-308/309) WILL DISAPPEAR WHEN 747-F REPLACES DC-8/63F. EMBASSY BELIEVES CIVILAVIA, UNDER STRONG ALITALIA PRESSURE, WILL THEN ACT AGAINST SEABOARD, PROBABLY BY IMPOUNDING (AT LEAST TEMPORARILY) SEABOARD'S MILAN-FRANKFURT SHUTTLE DC-8/61F OR BY THREATENING TO WITHDRAW SEABOARD'S OPERATING PERMIT.

2. USG HAS REQUESTED CONSULTATIONS ON ALL-CARGO ISSUES (CHANGE-OF-GAUGE AND USE OF 747-F ON NEW YORK-ITALY ROUTE) DURING WEEK OF MAY 24 IN WASHINGTON, CONDITIONAL ON NO RPT NO GOI ACTION AGAINST SEABOARD PRIOR TO CONSULTATIONS. EMBASSY BELIEVES GOI WILL ACCEPT CONSULTATIONS BUT ON CONDITION THAT SEABOARD NO RPT NOT CHANGE STATUS QUO PRIOR TO CONSULTATIONS. AS EMBASSY UNDERSTANDS DEPARTMENT'S POSITION (REF A), SUCH A CONDITIONAL GOI REPLY WOULD IN EFFECT MEAN NO CONSULTATIONS ON EITHER CHANGE-OF-GAUGE/USE OF 747-F OR OTHER ISSUES.

3. EMBASSY BELIEVES THERE ARE COGENT REASONS FOR AVOIDING CIVIL CONFRONTATION AT THIS TIME.

A. THIS IS A PARTICULARLY DELICATE MOMENT BOTH FOR THE ITALIAN POLITICAL PROCESS AND FOR US-ITALIAN RELATIONS, WITH (I) THE LIKELIHOOD OF PARLIAMENTARY ELECTIONS IN JUNE IN WHICH THE KEY ISSUE WILL BE WHETHER THE RESULTS WILL ENABLE THE COMMUNIST PARTY TO ENTER THE GOVERNMENT AND (II) CIA REVELATIONS AND THE LOCKHEED SCANDAL LEADING MANY OF OUR FRIENDS TO QUESTION OUR CONTINUED SUPPORT FOR THE DEMOCRATIC PARTIES IN ITALY. OBVIOUSLY, IF A CONFRONTATION CAN BE AVOIDED UNDER THESE CIRCUMSTANCES, WE SHOULD SEEK TO DO SO.

B. USG CASE ON CHANGE-OF-GAUGE, AS DISTINCT FROM USE OF 747-F IN US-ITALY SERVICE, IS NOT RPT NOT THAT CLEARCUT. SIDE NOTE ON CHANGE-OF-GAUGE CLEARLY STIPULATES CHANGE IS CONFIDENTIAL

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TO BE ACCOMPLISHED IN ITALY. GOI POSITION, HOWEVER, MAY HAVE BEEN COMPROMISED AS RESULT OF ORAL STATEMENTS MADE BY ITALIAN REPS DURING NEGOTIATIONS OR PAST PRACTICES BY PAA AND TWA ON THEIR COMBINED SERVICES. EMBASSY DOUBTS WISDOM OF PROVOKING CONFRONTATION (WITH PROBABLE WIDE-RANGING CONSEQUENCES) OVER THIS PARTICULAR ISSUE.

C. SEABOARD APPARENTLY HAS NOT BEEN ADHERING TO A REGULAR SCHEDULE IN ITS RECENT SERVICES TO/FROM ITALY (REF C). OTHER SCHEDULED CARRIERS -- ALITALIA, PAA AND TWA -- OPERATING US-ITALY ALL-CARGO SERVICES AT LEAST MAKE REASONABLE EFFORT TO FILE AND ADHERE TO A FIXED SCHEDULE. USG POSITION WOULD BE MUCH STRONGER IF SEA-

BOARD IN FACT OPERATED ITS SCHEDULED SERVICES REASONABLY ON SCHEDULE.

4. MAY 3 CONFRONTATION STEMMING FROM SEABOARD'S INTRODUCTION OF SECOND 747-F ON NORTH ATLANTIC SERVICES, WITH SUBSEQUENT INDEFINITE POSTPONEMENT ANY USG-GOI CIVAIR CONSULTATIONS, WOULD HAVE FURTHER DISADVANTAGES:

A. IT WOULD PROBABLY PRECLUDE ANY CHANCE OF RESOLVING PROBLEMS OF DISCRIMINATION AT ROME AIRPORTS (REF B) IN MANNER SATISFACTORY TO USG AND US CARRIERS. PRESUMABLY, WE WOULD PREFER TO RESOLVE THESE PROBLEMS BY ENDING SUCH DISCRIMINATORY PRACTICES IN ITALY RATHER THAN BY RETALIATING AGAINST ALITALIA IN THE US. (EMBASSY HAS NOT YET PRESENTED NOTE VERBALE IN REF B SINCE GOI HAS NOT RESPONDED TO USG REQUEST FOR CONSULTATIONS DURING WEEK OF MAY 24.)

B. GOI WOULD LIKELY REACT BY INCREASING PRESSURES ON ALL CARRIERS. INCLUDING PAA AND TWA, IN ORDER PERSUADE USG TO RENEGOTIATE US-ITALY AIR TRANSPORT AGREEMENT. DEPARTMENT WILL NOTE THAT, WITH INDEFINITE SUSPENSION OF CIVAIR LABOR DISPUTE WHICH HAS DISRUPTED ITALIAN AIRPORT OPERATIONS SINCE JANUARY 1, 1974 (REF D), PAA AND TWA COMBINED SERVICES TO/FROM ITALY SHOULD SHOW MUCH IMPROVED FINANCIAL POSTURE. THIS IMPROVEMENT IN PROFITABILITY MAY CONDITION PAA/TWA ATTITUDE TOWARDS US-ITALY CIVAIR CONFRONTATION.
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5. EMBASSY STRONGLY RECOMMENDS DEPARTMENT APPROACH SEABOARD TO DELAY INTRODUCTION OF SECOND 747-F ON NORTH ATLANTIC SERVICES (AND CONSEQUENT REPLACEMENT OF DC-8/63F ON NEW YORK-FRANKFURT ROUTE) UNTIL AFTER INITIAL USG-GOI CONSULTATIONS ON ALL-CARGO ISSUES (CHANGE-OF-GAUGE AND USE OF 747-F). THIS WOULD ENTAIL ABOUT THREE WEEK DELAY FOR SEABOARD, ASSUMING GOI ACCEPTS USG REQUEST FOR CONSULTATIONS DURING WEEK OF MAY 24.

6. IN TERMS OF OVERALL USG STRATEGY ON BILATERAL CIVAIR ISSUES, EMBASSY AGREES WE SHOULD FIRST MAKE EFFORT RESOLVE (AT LEAST TEMPORARILY) ALL-CARGO ISSUES. HOWEVER, UNLESS WE CAN INDICATE AT TIME OF CONSULTATIONS ON CHANGE-OF-GAUGE/USE OF 747-F THAT USG WILLING TO ENGAGE IN SUBSTANTIVE NEGOTIATIONS ON CAPACITY REGULATION AND/OR ROUTES (RECOGNIZING THAT LATTER DEPENDS ON DECISION ON NORTH ATLANTIC ROUTES RENEWAL CASE). GOI UNLIKELY TO AGREE TO EVEN TEMPORARY AUTHORIZATION OF SEABOARD CHANGE-OF-GAUGE IN FRANKFURT. IF, ON OTHER HAND, USG HAS NO INTENTION OF RENEGOTIATING ON CAPACITY REGULATION AND/OR ROUTES, WE SHOULD SO INFORM GOI AND LEAVE NEXT MOVE TO GOI, RECOGNIZING THAT MOST PROBABLE CONSEQUENCE IS CIVILAVIA ACTION AGAINST

SEABOARD'S CHANGE-OF-GAUGE. AFTER CHANGE-OF-GAUGE/USE OF 747-F CONSULTATIONS, WE SHOULD PRESENT NOTE ON DIS-CRIMINATION AT ROME AIRPORTS (REF B), LAYING FIRM FOUNDATION FOR PURSUING THIS ISSUE DURING SUBSEQUENT OVERALL CIVAIR CONSULTATIONS OR AS SEPARATE MATTER.

7. TO SUMMARIZE OUR CONCERNS, EMBASSY WELL AWARE OF NEED TO WORK OUT SOLUTIONS TO OUR COMPLEX CIVAIR PROBLEMS EXPEDITIOUSLY AND IT CERTAINLY OPPOSES TAKING ACTIONS WHICH WOULD DETRACT FROM OUR INTERESTS AND OBJECTIVES IN THIS AREA. HOWEVER, AT THE SAME TIME OUR OVERALL INTERESTS IN ITALY DICTATE NECESSITY TO AVOID, IF AT ALL POSSIBLE, MAKING PUBLIC ISSUE OF CIVAIR PROBLEMS. IN OUR OPINION BEST STRATEGY WOULD BE TO ENSURE THAT CONSULTATIONS CAN TAKE PLACE MAY 24 AND, IF IT IS NOT POSSIBLE TO ARRIVE AT MUTUALLY AGREEABLE OUTCOME, AT LEAST AVOID CONFRONTATION DURING PROBABLE ELECTION PERIOD (THROUGH LATE JUNE).VOLPE

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